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**FEDERAL  
REGULATIONS**

Federal law requires that states have procedures to report periodically to consumer reporting agencies the name and amount of arrears of payers with past due support.

The procedures must:

- Provide for notice to the payer of the proposed action,
- Provide methods to contest the accuracy of information, **and**
- Comply with due process requirements of state law.

**STATE  
REQUIREMENTS**

The Friend of the Court Act provides that Friends of the Court:

- Report to consumer reporting agencies the arrearage amount for each payer with a support arrearage of 2 or more months.
- Make available to consumer reporting agencies, on a monthly basis, current support information concerning any payer who requests that report.

Do not make information available to a consumer reporting agency if the office determines the agency:

- Does not have sufficient capability to make appropriate use of the information, **or**
- Does not furnish satisfactory evidence it is a consumer reporting agency.

The State Court Administrative Office determines what support information to include and the procedures for making information available to consumer reporting agencies.

State law also requires the Friend of the Court to notify the payer before reporting support information to the consumer reporting agency and conduct a review if the payer objects to reporting based on a mistake of fact. A payer can avoid reporting by paying the ENTIRE arrearage due.

**REPORTING  
PROCESS****Selection**

Select a payer for reporting when:

- Michigan has jurisdiction to enforce the obligation against the payer of support, including responding actions under UIFSA to register an order for enforcement in Michigan
- The countable support arrearage exceeds two months (support arrearage means the unpaid periodic obligations for child support;

child/spousal support, and expenses of child care, health care, confinement and education. Treat held money as described in IV-D Manual Item 625 "Managing Money in Suspense" for determining whether the threshold has been reached.), **or**

- The payer requests that support information be reported.

**Note:** When another state assumes Continuing, Exclusive Jurisdiction (CEJ) of a Michigan order, Michigan retains jurisdiction to enforce arrearages accruing prior to the other state's assumption of CEJ. Qualifying arrearages enforceable by Michigan should be reported. See Item 300 and 310 of the combined IV-D Manual for a description of CEJ.

Do not select a payer when Michigan does not have jurisdiction to enforce the obligation against the payer. This includes:

- Initiated actions under UIFSA which registered a Michigan order for enforcement in another state,
- Interstate Redirection of Support cases.

## NOTICE AND REVIEW

### Notice

Before releasing support information to a consumer reporting agency, provide the payer with notice of all of the following:

- Proposed action,
- Amount of the arrearage,
- Right to a review,
- Date by which a review must be requested,
- Grounds on which the payer may object to the proposed action (e.g. mistaken fact concerning identity or amount of arrearage), **and**
- That the payer may avoid reporting by paying the entire arrearage within 21 days after the date notice was sent.

FOC-3A, Notice of arrearage, contains the required provisions, Exhibit 1 at the end of the item contains a facsimile of the FOC 3a. A copy of the notice must be sent to the payee/custodial parent (or the payee's attorney of record).

### Review

Conduct a review if a payer:

- Requests a review to object to reporting based on a mistake of fact concerning the amount of the arrearage or the identify of the payer; **and**
- Makes the request within 14 days after the date advance notice was sent.

A review may be conducted after reporting has begun if:

- The payer requesting the review has not previously requested a review, **or**
- The payer requesting the review provides information suggesting the FOC's accounting may be inaccurate, **or**
- The Friend of the Court determines the interests of accuracy and fairness require a review.

Use the FOC-69, Notice of Review on Arrearage to inform a payer of the date and time of review and the information required of the payer at the review. Send a copy of the notice to the custodial parent or to the payee if other than the State. Exhibit 2 contains a facsimile of the FOC-69.

An attorney can represent the payer at the review. A payer and/or his representative can present documentary evidence and examine FOC records.

### **Adjournments**

A review may be adjourned to:

- Allow the Friend of the Court to audit the support account; **or**
- Allow the payer to provide additional information.

### **Determination Notice**

FOC 70, Determination on Arrearage, is available for use in informing the payer of the review decision or adjournment. Send a copy of the notice to the custodial parent or to the payee if other than the State. Exhibit 3 contains a facsimile of the FOC 70.

### **Reporting Support Information**

Report support information to consumer reporting agencies and through the Michigan Child Support Enforcement System (MiCSES) using instructions provided by MiCSES and State Court Administrative Office. Exhibit 4 contains MiCSES file specifications.

### **Administrative Selection**

Report account information for all eligible cases exceeding the statutory threshold when a payer:

- Does not request a review within 14 days after advance notice is sent, **and**

- Does not pay the entire arrearage with 21 days after advance notice is sent; **or**
- A payer does not pay the entire arrearage within 2 working days after a review.

Continue reporting on a monthly basis until the arrearage is paid in full or the case is closed. When the arrearage is paid, report the balance after payment in full then discontinue reporting. When the case is closed, report the case closure and the balance at the time of closure then discontinue reporting.

### **Reporting At Payer's Request**

Report account information on all eligible cases for which the payer requests reporting. Continue reporting on a monthly basis until the payer requests the reporting end or the case is closed. Discontinue reporting if payer requests. If the arrearage balance meets the statutory threshold, notice and opportunity for review must be provided in the same manner as for other cases.

**Note:** This option is not currently available on MiCSES but is planned for a future release.

### **Reporting Corrections**

Corrections to inaccurate information reported to a credit reporting agency must be sent within 14 days of obtaining correct information. The Universal Data Form can be used to report corrections.

### **Inquiries**

Respond to requests (Consumer Verification Form) from consumer reporting agencies for current support information about a payer whose case is reported to the agency. Generally, those requests occur when information is in dispute. Respond to the request, providing corrected information, within the timeframe specified by the consumer reporting agency (10-30 days). Prompt responses ensure that the consumer reporting agency continues to accept and maintain on agency records support information about the payer. Friends of the Court can refer creditors directly to the consumer reporting agency for support information about a payer.

**Note:** Respond to a credit reporting agency with 72 hours of a request for verification.

### **INCREMENTAL IMPLEMENTATION OF HIGH VOLUME AUTOMATED ENFORCEMENT REMEDIES**

Implementation of Consumer Reporting requires the reporting of the past due child support amounts of each child support payer whose arrearage is at least equal to two months of their child support obligation. State law regarding consumer reporting affords the payer the

opportunity for an administrative review of their child support order before their child support debt can be reported.

The Consumer Reporting requirement will be implemented as each county is converted to the new statewide child support system. The automated processes in that system will select qualifying obligors and begin the process (including notification of right to review) of consumer reporting. That would result in all payers on each county's caseload with at least two months arrearage being virtually simultaneously notified of their right to review. This initial volume of requests for reviews may be beyond the county's ability to perform. Therefore a policy for incremental implementation of this requirement has been developed.

### **Incremental Implementation**

Upon full implementation, child support obligors will be selected for Credit Reporting when their arrearage equals two times the monthly child support obligation.

The multiplier will be maintained by MiCSES central operations. Changes in the multiplier will be authorized by the Office of Child Support Director or the Director's designee.

The initial multiplier (the number of months' current charges equivalent to the arrearage) may be set at a higher value upon request by the Friend of the Court to Office of Child Support and the Friend of the Court Bureau. Requests should be submitted at least 30 days prior to conversion to the MiCSES version implementing Consumer Reporting. Requests should include the following elements:

1. The request must be sent to the Office of Child Support and to the State Court Administrative Office, Friend of the Court Bureau (FOCB).
2. The Director of the Office of Friend of the Court must sign the request.
3. The request must contain the initial multiplier (the number of months' current charges equivalent to the arrearage) not to exceed 36.
4. The request must include a schedule by which the multiplier will be reduced to two within one year of implementation.
5. The schedule may be modified at any time during the year as long as the multiplier is reduced to two by the end of the year. Request modifications to the schedule should be made using the same procedure as set forth above.

Requests meeting these requirements will be approved within 30 days. Once approved, the MiCSES system will be authorized to change the county process.

New cases filed after conversion the version of MiCSES implementing consumer reporting will be selected for reporting when the arrears meet or exceed the threshold currently in place in that county (see the policy regarding incremental implementation).

Friends of the Court may request an exception to the one-year implementation requirement cited in number 4 above. Such requests should be submitted as soon as it is apparent that circumstances prevent the efficient implementation of this requirement within one year. The Director of the Office of the Friend of the Court, after consultation with the courts, requests an extension by:

1. Submitting a request for the initial multiplier and a schedule reducing the multiplier to OCS and SCAO, **and**
2. Submitting an attached exception request identifying the barriers to a one-year implementation including:
  - Extra burdens placed on the local Friend of the Court office by county needs, such as location change;
  - Natural or man-made disruptions interrupting the office's ability to perform its functions for an extended period, such as rolling power blackouts, flooding, etc.;
  - Restructuring of the local court system which includes how the Friend of the Court is to do its business.
3. A plan for overcoming the barriers that includes a timetable for full implementation of the requirement.

OCS and FOCB will review request for exceptions prior to approval. If the request is approved, the MiCSES system will be authorized to change the county process.

### **Credit Reporting Implementation**

The carefully crafted ramp-up policy with its recognition of resources limitation is an excellent approach to an enforcement remedy with serious and immediate consequences for payers. Hearings that overwhelm an office are less likely to be completed with the required diligence. The policy could be more direct as to the actions to be taken by Friend of the Court and still be well within the intent of the policy. A single business method driven model could achieve the same goal with some additional benefits.

A single business model ramp-up will flow in the following manner:

#### **ASSESS THE VOLUME**

- Upon conversion of the version of MiCSES containing consumer reporting functionality, each FOC will be given the count and per-

centage of cases eligible. The FOC will also be given the percentage of consumer credit reporting cases that would also be eligible for tax intercept and the percentage of cases that have bench warrants outstanding.

#### ADDRESS THE REQUESTS OF PAYEES

- Any case where the payee requests consumer reporting enforcement and meets the criterion should be selected for credit reporting.

#### MAXIMIZE HEARING RESOURCES FOR THE FIRST YEAR

- Cases selected for Tax Offset that also meet the consumer reporting criterion should receive notice initiating both processes and be advised they could request a review where either or both matters could be handled.
- Communication would be sent on all bench warrant cases that also meet consumer credit reporting criterion for the payer to appear and handle both issues. Judges, referees and the FOC would establish the rates for their counties based on information from a pilot county or counties.
- Schedule modification and consumer credit reviews in concert.
- Include in an Order to Show Cause notice the consumer reporting notice requirements for qualifying individuals.

#### SECOND YEAR POLICY

- Institute the original proposal adjusting for the reduced volume. If not fully implemented by the end of one year refer to exception process in the "Incremental Implementation" section of this item.

#### **LEGAL REQUIREMENTS**

MCL 552.512

MCL 552.531(3)

MCL 552.531(13)

MCL 552.602(O)

MCL 552.1101 - 1901

42 USC 666(a)(7)